



SARAWAK PLANTATION BERHAD
(Incorporated in Malaysia - 451377- P)

INTERIM REPORT FOR 1ST QUARTER ENDED 31 MARCH 2016



SARAWAK PLANTATION BERHAD
(Incorporated in Malaysia - 451377- P)

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INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2016
(The figures have not been audited)

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**Condensed Consolidated Statement of Financial Position**
(The figures have not been audited)

	Notes	As At End Of Current Financial Period 31/03/2016 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2015 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		311,911	314,600
Plantation development expenditure		303,205	297,275
Investment properties		4,745	4,787
Total non-current assets		619,861	616,662
Current assets			
Other investments	B6	11,325	14,404
Inventories		21,615	18,715
Trade and other receivables		15,323	16,454
Deposits and prepayments		11,369	11,138
Current tax recoverable		5,129	3,882
Cash and cash equivalents		91,845	103,660
		156,606	168,253
Assets held for sale		949	949
Total current assets		157,555	169,202
TOTAL ASSETS		777,416	785,864



Condensed Consolidated Statement of Financial Position (continued)
(The figures have not been audited)

	Notes	As At End Of Current Financial Period 31/03/2016 (Unaudited) RM'000	As At End Of Preceding Financial Year 31/12/2015 (Audited) RM'000
EQUITY AND LIABILITIES			
Equity attributable to Owners of the Company			
Share capital	A5	280,000	280,000
Share premium	A5	60,969	60,969
Reserves		274,896	288,232
		<u>615,865</u>	<u>629,201</u>
Non-controlling interests		(7,022)	(6,842)
Total equity		<u>608,843</u>	<u>622,359</u>
Non-current liabilities			
Deferred tax liabilities		53,643	54,643
Loans and borrowings	B7	22,236	21,368
Total non-current liabilities		<u>75,879</u>	<u>76,011</u>
Current liabilities			
Trade and other payables		46,758	41,243
Loans and borrowings	B7	45,680	46,030
Current tax payable		256	221
Total current liabilities		<u>92,694</u>	<u>87,494</u>
Total liabilities		<u>168,573</u>	<u>163,505</u>
TOTAL EQUITY AND LIABILITIES		<u>777,416</u>	<u>785,864</u>
Net assets per share attributable to Owners of the Company (RM)		<u>2.20</u>	<u>2.25</u>

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this report)

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**
(The figures have not been audited)

	Notes	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
		Current Year Quarter 31/03/2016 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31/03/2015 (Unaudited) RM'000	Current Year - Period To Date 31/03/2016 (Unaudited) RM'000	Preceding Year - Period To Date 31/03/2015 (Unaudited) RM'000
Revenue		62,068	70,911	62,068	70,911
Cost of sales		(53,141)	(58,405)	(53,141)	(58,405)
Gross profit		8,927	12,506	8,927	12,506
Other income		314	6,257	314	6,257
Distribution costs		(3,502)	(4,153)	(3,502)	(4,153)
Administrative expenses		(3,726)	(5,049)	(3,726)	(5,049)
Replanting expenses		(3,872)	(2,697)	(3,872)	(2,697)
Results from operating activities		(1,859)	6,864	(1,859)	6,864
Finance income		927	877	927	877
Finance costs		(583)	(469)	(583)	(469)
Net finance income		344	408	344	408
(Loss)/Profit before tax	A14	(1,515)	7,272	(1,515)	7,272
Taxation	B5	702	(39)	702	(39)
(Loss)/Profit for the period		(813)	7,233	(813)	7,233
Other comprehensive income, net of tax		-	-	-	-
(Loss)/Profit and total comprehensive (loss)/income for the period		(813)	7,233	(813)	7,233

**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)**
(The figures have not been audited)

	Notes	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
		Current Year Quarter 31/03/2016 (Unaudited) RM'000	Preceding Year Corresponding Quarter 31/03/2015 (Unaudited) RM'000	Current Year - Period To Date 31/03/2016 (Unaudited) RM'000	Preceding Year - Period To Date 31/03/2015 (Audited) RM'000
(Loss)/Profit attributable to:					
Owners of the Company		(756)	7,417	(756)	7,417
Non-controlling interests		(57)	(184)	(57)	(184)
(Loss)/Profit for the period		(813)	7,233	(813)	7,233
(Loss)/Profit and total comprehensive (loss)/income attributable to:					
Owners of the Company		(756)	7,417	(756)	7,417
Non-controlling interests		(57)	(184)	(57)	(184)
(Loss)/Profit and total comprehensive (loss)/income for the period		(813)	7,233	(813)	7,233
Basic earnings per ordinary share attributable to Owners of the Company (sen):					
Basic	B12	(0.27)	2.65	(0.27)	2.65
Diluted	B12	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Changes in Equity
(The figures have not been audited)

	Attributable to Owners of the Company									
	Notes	Non-distributable					Distributable			Total equity RM'000
		Number of shares '000	Nominal value RM'000	Share premium RM'000	Equity reserve RM'000	Treasury shares RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	
At 31 December 2015		280,000	280,000	60,969	493	(1,223)	288,962	629,201	(6,842)	622,359
Loss and total comprehensive loss for the period		-	-	-	-	-	(756)	(756)	(57)	(813)
Less: First interim, single tier exempt dividend in respect of the financial year ended 31 December 2015	B11	-	-	-	-	-	(12,580)	(12,580)	-	(12,580)
Less: Dividends paid to non-controlling interests of the Company by a subsidiary company		-	-	-	-	-	-	-	(123)	(123)
At 31 March 2016		280,000	280,000	60,969	493	(1,223)	275,626	615,865	(7,022)	608,843

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Changes in Equity
(The figures have been audited)

Notes	Attributable to Owners of the Company									
	Non-distributable						Distributable			
	Issued and paid up ordinary shares of RM1.00 each						Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
	Number of shares '000	Nominal value RM'000	Share premium RM'000	Equity reserve RM'000	Treasury shares RM'000					
At 31 December 2014	280,000	280,000	60,969	493	(1,223)	276,051	616,290	(6,078)	610,212	
Profit and total comprehensive income for the period	-	-	-	-	-	7,417	7,417	(184)	7,233	
Less: Second interim, single tier exempt dividend in respect of the financial year ended 31 December 2014	-	-	-	-	-	(8,387)	(8,387)	-	(8,387)	
At 31 March 2015	280,000	280,000	60,969	493	(1,223)	275,081	615,320	(6,262)	609,058	

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying explanatory notes attached to this report)



Condensed Consolidated Statement of Cash Flows
(The figures have not been audited)

	Cumulative Quarter (3 Months)	
	Current Year - Period To Date 31/03/2016 (Unaudited) RM'000	Preceding Year - Period To Date 31/03/2015 (Unaudited) RM'000
Cash flows from operating activities		
(Loss)/Profit before tax	(1,515)	7,272
<i>Adjustments for:</i>		
Change in fair value of other investments	12	(15)
Depreciation of property, plant and equipment	5,566	5,400
Depreciation of plantation development expenditure	55	55
Depreciation of investment properties	42	42
Dividend income from other investments	(6)	(6)
Gain on disposal of:		
- other investments	(9)	(1)
- property, plant and equipment	-	(206)
- assets held for sale	-	(5,808)
Property, plant and equipment written off	-	258
Finance income	(927)	(877)
Finance costs	583	469
Operating profit before changes in working capital	3,801	6,583
Change in inventories	(2,900)	(4,625)
Change in trade and other receivables, deposits and prepayments	1,077	1,505
Change in trade and other payables	3,737	(19,656)
Cash generated from/(used in) operations	5,716	(16,193)
Income tax (paid)/refunded	(1,559)	2,863
Interest paid	(525)	(443)
Finance lease profit paid	(58)	(27)
Interest received	799	748
Net cash from/(used in) operating activities	4,373	(13,052)



Condensed Consolidated Statement of Cash Flows (continued)
(The figures have not been audited)

	Cumulative Quarter (3 Months)	
	Current Year - Period To Date 31/03/2016 (Unaudited) RM'000	Preceding Year - Period To Date 31/03/2015 (Unaudited) RM'000
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,762)	(265)
Net movement of fixed deposits with original maturities exceeding three months	3,082	(63)
Plantation development expenditure (net of depreciation and interest capitalised)	(4,888)	(2,240)
Proceeds from disposal of assets held for sale	-	7,200
Net cash (used in)/from investing activities	(3,568)	4,632
Cash flows from financing activities		
Net proceeds from borrowings	770	25,460
Repayment of borrowings	(687)	(1,068)
Dividends paid to owners of the Company	(12,580)	-
Dividends paid to non-controlling interests of the Company	(123)	-
Net cash (used in)/from financing activities	(12,620)	24,392
Net (decrease)/increase in cash and cash equivalents	(11,815)	15,972
Cash and cash equivalents as at 1 January	103,660	106,353
Cash and cash equivalents as at 31 March	91,845	122,325
Represented by:		
Deposits with original maturities not exceeding three months	91,249	112,610
Cash and bank balances	596	9,715
Cash and cash equivalents	91,845	122,325

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2015 and the accompanying notes attached to this report)

**Part A – Explanatory Notes Pursuant to Financial Reporting Standards (“FRS”) 134****A1. Basis of preparation****1. Statement of compliance**

The condensed consolidated interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134 *Interim Financial Reporting* and Chapter 9, Part K of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The condensed consolidated financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2015.

2. Significant accounting policies**2.1 Adoption of new/revised Standards, Amendments and Interpretations**

The accounting policies and methods of computation used in the preparation of the consolidated interim financial statements of the Group are consistent with those used in the preparation of the last audited financial statements of the Group for the financial year ended 31 December 2015 except for the adoption of the following new/revised accounting standards, amendments and interpretations that have been issued by Malaysian Accounting Standards Board (“MASB”):

Standards / Amendments / Interpretations	Effective date
Amendment to FRS 5, <i>Non-current Assets Held for Sale and Discontinued Operations (Annual Improvement 2012 – 2014 Cycle)</i>	1 January 2016
Amendments to FRS 7, <i>Financial Instruments: Disclosures ((Annual Improvements 2012 – 2014 Cycle)</i>	1 January 2016
Amendment to FRS 10, <i>Consolidated Financial Statement</i> and FRS 12, <i>Disclosure of Interests in Other Entities</i> and FRS 128, <i>Investments in Associates and Joint Venture – Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendment to FRS 11, <i>Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
FRS 14, <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 101, <i>Presentation of Financial Statements – Disclosure Initiative</i>	1 January 2016
Amendments to FRS 116, <i>Property, Plant and Equipment</i> and FRS 138, <i>Intangible Assets -Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 127, <i>Separate Financial Statements - Equity Method in Separate Financial Statements</i>	1 January 2016
Amendment to FRS 134, <i>Interim Financial Reporting (Annual Improvements to FRSs 2012 – 2014 Cycle)</i>	1 January 2016

The Group have not applied the following new/revised accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (MASB) but have not been adopted by the Group:

Standards / Amendments / Interpretations	Effective date
Amendment to FRS 10, <i>Consolidated Financial Statements</i> and FRS 128, <i>Investments in Associates and Joint Venture - Sale or Contribution of Assets between Investor and its Associate or Joint Venture</i>	Yet to be determined
Amendments to FRS 107, <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 112, <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017

Part A – Explanatory Notes Pursuant to FRS 134

A1. Basis of preparation (continued)

2. Significant accounting policies (continued)

2.1 Adoption of new/revised Standards, Amendments and Interpretations (continued)

The Group is currently assessing the financial impact that may arise from the adoption of the above accounting standards.

2.2 Malaysian Financial Reporting Standards

The Group's financial statements for annual period beginning on 1 January 2018 will be prepared in accordance with the Malaysian Financial Reporting Standards ("MFRSs") issued by the MASB and International Financial Reporting Standards ("IFRSs").

The Group falls within the scope of MFRS 141, *Agriculture*. Therefore, the Group is currently exempted from adopting the ("MFRSs") and is referred to as a "Transitioning Entity".

The Group will apply the following MFRSs that are not yet effective:

Standards / Amendments / Interpretations	Effective date
Agriculture: <i>Bearer Plants (Amendments to MFRS 116 and MFRS 141)</i>	1 January 2018
MFRS 9, <i>Financial Instruments (2014)</i>	1 January 2018
Amendments to MFRS 7, <i>Financial Instruments : Disclosure Mandatory of MFRS 9 and Transition Disclosure</i>	1 January 2018
MFRS 15, <i>Revenue from Contracts with customers</i>	1 January 2018
MFRS 16, <i>Leases</i>	1 January 2019

Material impacts of the initial application of the above accounting standards, which are applicable to the Group and which are to be applied retrospectively, are discussed below:

(i) Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture - Agriculture: Bearer Plants*

The amendments to MFRS 116 and MFRS 141 require a bearer plant, defined as a living plant, to be accounted for as property, plant and equipment in accordance with MFRS 116, (*Property, Plant and Equipment*).

The Group is currently assessing the financial impact that may arise from the adoption of amendments to MFRS 116 and MFRS 141.

(ii) MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in FRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities and on hedge accounting.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.



Part A – Explanatory Notes Pursuant to FRS 134

A1. Basis of preparation (continued)

2. Significant accounting policies (continued)

2.2 Malaysian Financial Reporting Standards (continued)

(iii) MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue Barter Transactions Involving Advertising Services*. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might be different as compared with the current practices.

The adoption of MFRS 15 will result in a change in the accounting policy. The Group is currently assessing the financial impact of adopting MFRS 15 which is to be applied retrospectively.

(iv) MFRS 16, Leases

MFRS 16, *Leases* to replace the existing Standard on Leases, MFRS 117. MFRS 16 is word-for-word IFRS 16, *Leases* as issued by the International Accounting Standards Board, and has the same effective date of 1 January 2019. Earlier application is permitted provided MFRS 15, *Revenue from Contracts with Customers* is also applied.

MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its balance sheet as recording certain leases as off-balance sheet leases will no longer be allowed except for some limited practical exemptions. In other words, for a lessee that has material operating leases, the assets and liabilities reported on its balance sheet are expected to increase substantially.

The Group is currently assessing the financial impact that may rise from the adoption of the MFRS 16.



Part A – Explanatory Notes Pursuant to FRS 134

A2. Seasonality or Cyclicity of Interim Operations

The Group's performance is affected by the cropping pattern of fresh fruit bunches ("FFB") which normally reaches its peak in the second half of the year, that will be reflected accordingly in the crude palm oil ("CPO") and palm kernel ("PK") production of the Group. The performance is also affected by the prices of CPO and PK which are determined by global supply and demand situation for edible oils and fats.

A3. Unusual Items Affecting Assets, Liabilities, Equity, Net income or Cash Flows

There were no items affecting assets, liabilities, equity, net income, or cash flows, which were unusual in nature, size or incidence during the current financial period.

A4. Material Changes in Estimates

There were no changes in the estimates of amounts reported in prior financial years and preceding interim periods, which have a material effect in the current interim financial period.

A5. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity in the current interim financial period.

A6. Dividends Paid

	Cumulative Quarter (3 Months)	
	Current Year	Preceding Year
	- Period To Date	- Period To Date
	31/03/2016	31/03/2015
	RM'000	RM'000
First interim, single tier exempt dividend in respect of the financial year ended 31 December 2015		
- 4.5 sen per ordinary share	12,580	-
Dividends paid to non-controlling interests of the Company by a subsidiary company	123	-
	12,703	-

A7. Segment Information

The Group's business segments mainly comprise the following three major business segments:-

(i) Investment holding

Investment holding company

(ii) Oil palm operations

Cultivation of oil palm and processing of fresh fruit bunches

(iii) Management services and rental

Provision of management service and rental of investment properties



Part A – Explanatory Notes Pursuant to FRS 134

A7. Segment Information (continued)

Individual Quarter (Q1) / Cumulative Quarter (3 Months)

	Investment holding RM'000	Oil palm operations RM'000	Management services and rental RM'000	Consolidated RM'000
31/03/2016				
Revenue				
Segment revenue	3,868	61,815	991	66,674
Inter-segment revenue	(3,868)	-	(738)	(4,606)
External revenue	-	61,815	253	62,068
Cost of sales				
Segment cost of sales	-	(52,622)	(570)	(53,192)
Inter-segment cost of sales	-	6	45	51
External cost of sales	-	(52,616)	(525)	(53,141)
Gross profit/(loss)	-	9,199	(272)	8,927
Other income including finance income	807	847	173	1,827
Inter-segment	(377)	(206)	(3)	(586)
External other income	430	641	170	1,241
Other expenses including finance costs	(1,028)	(11,511)	(498)	(13,037)
Inter-segment	300	764	290	1,354
External other expenses	(728)	(10,747)	(208)	(11,683)
Loss before tax	(298)	(907)	(310)	(1,515)



Part A – Explanatory Notes Pursuant to FRS 134

A7. Segment Information (continued)

Individual Quarter (Q1) / Cumulative Quarter (3 Months)

	Investment holding RM'000	Oil palm operations RM'000	Management services and rental RM'000	Consolidated RM'000
31/03/2015				
Revenue				
Segment revenue	3,500	70,671	988	75,159
Inter-segment revenue	(3,500)	-	(748)	(4,248)
External revenue	-	70,671	240	70,911
Cost of sales				
Segment cost of sales	-	(57,953)	(508)	(58,461)
Inter-segment cost of sales	-	11	45	56
External cost of sales	-	(57,942)	(463)	(58,405)
Gross profit/(loss)	-	12,729	(223)	12,506
Other income including finance income	848	932	5,926	7,706
Inter-segment	(382)	(184)	(6)	(572)
External other income	466	748	5,920	7,134
Other expenses including finance costs	(793)	(12,400)	(439)	(13,632)
Inter-segment	27	958	279	1,264
External other expenses	(766)	(11,442)	(160)	(12,368)
(Loss)/Profit before tax	(300)	2,035	5,537	7,272



Part A – Explanatory Notes Pursuant to FRS 134

A7. Segment Information (continued)

Segment assets and liabilities

	As At End Of Current Financial Period 31/03/2016
Segment assets:	
Investment holding	378,348
Oil palm operations	693,842
Management services/Rental	45,881
Total	<u>1,118,071</u>
Elimination	<u>(340,655)</u>
Total assets	<u>777,416</u>
Segment liabilities:	
Investment holding	1,733
Oil palm operations	217,195
Management services/Rental	11,686
Total	<u>230,614</u>
Elimination	<u>(62,041)</u>
	<u>168,573</u>

A8. Impairment of Assets

There was neither impairment loss nor reversal of such impairment loss recognised during the current interim financial period.

A9. Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the end of the current interim financial period that have not been reflected in the financial statements for the current interim financial period.

A10. Changes in the Composition of the Group

As at 31 March 2016, there were no changes in the composition of the Group arising from business combinations, acquisition or disposal of subsidiary companies and long-term investments, restructurings and discontinued operations, except as disclosed below:

On 4 March 2016, the Company entered into a joint venture agreement with a third party for the development of approximately 1,000 acres of land into an oil palm plantation. The land is situated at Karabungan, Niah Land District, Sarawak. A joint venture company will be incorporated to undertake the said development. The Company and the third party shall own 70% and 30% respectively of the equity interest in the joint venture company. The initial paid-up capital shall be 100 ordinary shares at RM1.00 each.

A11. Changes in Contingent Liabilities and Contingent Assets

As at 31 March 2016, there were no material contingent liabilities or contingent assets, which upon being enforced might have a material impact on the financial position or business of the Group, except as disclosed below:

	At 31/03/2016 RM'000
As at that date, the Company has contingent liabilities as follows:	
Corporate guarantees for banking facilities granted to a subsidiary	<u>230,000</u>

**Part A – Explanatory Notes Pursuant to FRS 134****A12. Capital Expenditure Commitments**

As at 31 March 2016, there were no material capital commitments for capital expenditure, contracted for or known to be contracted for by the Group which might have a material impact on the financial position or business of the Group except as disclosed below:

	At 31/03/2016
	RM'000
Capital Expenditure	
Authorised and contracted for	47,582
Authorised and not contracted for	120,636
	<u>168,218</u>
Analysed as follows:	
Property, plant and equipment	99,195
Plantation development expenditure	69,023
	<u>168,218</u>

A13. Significant Related Party Transactions

The significant related party transactions during the financial period as set out below represent significant transactions with companies having common directorship or in which a Director or person connected to a Director has interests.

	Cumulative Quarter (3 Months)	
	Current Year - Period To Date 31/03/2016 RM'000	Preceding Year - Period To Date 31/03/2015 RM'000
a. KUB Sepadu Sdn. Bhd.		
- Purchase of fresh fruit bunches	1,236	2,676
b. Danawa Resources Sdn. Bhd.		
- Rental and annual support for satellite broadband services	65	108
c. Intuitive Systems Sdn. Bhd.		
- Software support, customisation, maintenance and implementation costs	29	153
d. Manis Oil Sdn. Bhd.		
- Sale of fresh fruit bunches	(394)	-
e. Ta Ann Pelita Igan Sdn. Bhd.		
- Laboratory services	(4)	(6)
	<u>(4)</u>	<u>(6)</u>

The Directors are of the opinion that all the transactions above have been entered into in the normal course of business and they are effected on terms not materially different from those obtainable in transactions with unrelated parties



Part A – Explanatory Notes Pursuant to FRS 134

A14. Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income Disclosures

	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
	Current Year Quarter 31/03/2016 RM'000	Preceding Year Corresponding Quarter 31/03/2015 RM'000	Current Year - Period To Date 31/03/2016 RM'000	Preceding Year - Period To Date 31/03/2015 RM'000
(Loss)/Profit before tax is arrived at after charging:				
Depreciation of property, plant and equipment	5,566	5,400	5,566	5,400
Depreciation of plantation development expenditure	55	55	55	55
Depreciation of investment properties	42	42	42	42
Property, plant and equipment written off	-	258	-	258
Change in fair value of other investments	12	-	12	-
Finance costs	583	469	583	469
(Loss)/Profit before tax is arrived at after crediting:				
Dividend income from other investments	6	6	6	6
Gain on disposal of:				
- other investments	9	1	9	1
- property, plant and equipment	-	206	-	206
- asset held for sale	-	5,808	-	5,808
Other income	314	449	314	449
Change in fair value of other investments	-	15	-	15
Finance income	927	877	927	877

Other items not applicable to the Group are foreign exchange gain or loss and gain and loss on derivatives.



Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of Performance

Quarter 1, 2016 vs Quarter 1, 2015

Three months ended 31 March 2016 vs Three months ended 31 March 2015

The Group recorded revenue of RM62.1 million in the current financial period ended 31 March 2016 compared with RM71 million reported in the corresponding period of the preceding year. The Group recorded a loss before tax of RM1.5 million for the current financial period as compared to a profit before tax of RM7.3 million for the corresponding period of the preceding year. The decrease was principally due to the effect of lower sales volumes of CPO and PK, partially offsetted by higher realised average selling prices of CPO and PK during the current financial period.

In addition, there was a gain on disposal of land of RM5.8 million recognised as other operating income for management services and rental segment in the corresponding period of the preceding year.

The performance of the respective major business segments of the Group are as follows:

Oil palm operations

For the current financial period, the oil palm operations segment contributed 99.5% of the Group revenue of RM62.1 million.

The revenue of the oil palm operations decreased by RM8.9 million to RM61.8 million in the current financial period compared with RM70.7 million reported in the corresponding period of the preceding year. The decrease was principally attributed to the effect of lower sales volumes of CPO and PK, partially offsetted by higher realised average selling prices of CPO and PK.

The sales volumes of CPO and PK had decreased by approximately 19.2% and 24% respectively, whereas the average selling prices of CPO and PK had increased approximately by 6.6% and 14% respectively for the current financial period.

The gross profit and profit before tax for the oil palm operations decreased by RM3.5 million and RM2.9 million, respectively for the current financial period as compared to the corresponding period of the preceding year, in line with the decrease in revenue.

Other segments

Other segments' results are insignificant to the Group.

B2. Material Changes in (Loss)/Profit Before Tax for the Current Quarter as compared with the Immediate Preceding Quarter

For the quarter under review, the Group recorded a loss before tax of RM1.5 million as compared to profit before tax of RM3.4 million in the preceding quarter. The decrease was principally due to the effect of lower sales volumes of CPO and PK, partially offsetted by higher realised average selling prices of CPO and PK during the current interim quarter.

The sales volumes of CPO and PK had decreased approximately 39.6% and 42.5% for the current quarter whereas the realised average selling prices for CPO and PK had increased approximately by 11.4% and 22.9% respectively. .

**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****B3. Prospects for the Current Financial Year**

The performance of the Group is largely dependent on the production, operation efficiency and prices of CPO and PK.

Barring any unforeseen circumstances, the Group expects to perform satisfactorily for the current financial year.

B4. Profit Forecast or Profit Guarantee

The disclosure requirement for explanatory notes for the variance of actual profit after income tax expense and non-controlling interests and forecast profit after income tax expense and non-controlling interests are not applicable as the Group did not issue any profit forecast or profit guarantee for the financial year.

B5. Taxation

	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
	Current Year Quarter 31/03/2016 RM'000	Preceding Year Corresponding Quarter 31/03/2015 RM'000	Current Year - Period To Date 31/03/2016 RM'000	Preceding Year - Period To Date 31/03/2015 RM'000
Current tax expense	298	1,039	298	1,039
Deferred tax income	(1,000)	(1,000)	(1,000)	(1,000)
	<u>(702)</u>	<u>39</u>	<u>(702)</u>	<u>39</u>

The Group's effective tax rate for the financial period ended 31 March 2016 is lower than the statutory tax rate principally due to the reversal of timing difference in deferred tax liabilities.

B6. Other Investments

There was no material purchase or disposal of quoted securities for the current financial period.

The investments as at 31 March 2016 are as follows:

	At 31/03/2016 RM'000
<u>Current</u>	
Financial assets at fair value through profit or loss	1,817
Deposits with original maturities exceeding three months	9,508
	<u>11,325</u>

**Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad****B7. Loans and Borrowings**

	At 31/03/2016
	RM'000
<u>Current</u>	
Revolving credit - secured	39,000
Revolving credit - <i>i</i> - secured	5,000
Finance lease liabilities (Hire purchase - <i>i</i>)	1,680
	<u>45,680</u>
<u>Non-current</u>	
Term Loan (Term Financing – <i>i</i>) - secured	19,956
Finance lease liabilities (Hire purchase - <i>i</i>)	2,280
	<u>22,236</u>
Total loans and borrowings	<u>67,916</u>

Revolving Credit

This revolving credit facility of RM50 million is secured by way of the Company's corporate guarantee and legal charge over certain land and buildings of a subsidiary. As at 31 March 2016, the unutilised revolving credit facility that remains available to the Group amounting to RM11 million.

The effective interest rate of this revolving credit is 4.87% per annum.

Revolving Credit (Revolving Credits –*i*)

The revolving credit facility of RM30 million is an Islamic facility under Bai' Inah contract, is secured by way of legal charge over certain land and buildings of a subsidiary and a corporate guarantee from the Company. As at 31 March 2016, the unutilised revolving credit facility that remains available to the Group amounting to RM25 million.

The Revolving Credit –*i* bears profit rate of 12% per annum, which is equivalent to effective profit rate of 0.60% per annum above the Bank's i-cost of funds.

Term Loan (Term Financing – *i*)

The term loan facility of RM150 million is an Islamic facility under Bai' Inah contract, is secured by way of legal charge over certain land and buildings of a subsidiary and a corporate guarantee from the Company. The loan is for a tenure of 8 years from the date of first drawdown in November 2014 and is repayable by 16 quarterly installments commencing 51th month after date of first drawdown of TF-*i*.

The Term Financing – *i*, bears profit rate of 12% per annum, which is equivalent to effective profit rate of 0.75% per annum above the Bank's i-cost of funds.

Finance lease liabilities (Hire purchase - *i*)

This finance lease liabilities are secured on property, plant and equipment under the finance lease.

The effective profit rate of this finance lease liabilities are between 4.49% to 5.32% per annum.

The above borrowings are denominated in Ringgit Malaysia.



Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B8. Corporate Proposals

Status of Corporate Proposals Announced

There was no corporate proposal being announced during the current interim financial period.

B9. Gains/Losses from Fair Value Changes of Financial Liabilities

There were no gains/losses arising from fair value changes of financial liabilities during the current interim financial period.

B10. Changes in Material Litigation

As at 14 May 2016 (*being the latest practicable date which is not earlier than 7 days from the date of the issue of this quarterly report*), there were no changes to the status of material litigation or arbitration in which the Company and/or any of its subsidiaries were involved either as plaintiff or defendant which has a material effect on the Group's financial position except as disclosed below:

- (a) A subsidiary of the Group, SPB Pelita Suai Sdn. Bhd. ("SP Suai") sued 6 individuals ("Defendants"), seeking injunctive and declaratory relief against the Defendants for various acts of trespass over 2 parcels of Native Communal Reserve Land which the Defendants had given consent for development into an oil palm estate. SP Suai also seeks to claim damages from the Defendants.

On 18 September 2013, the learned Judge decided as follows:

- (i) There is no concluded contract between the Defendants and SP Suai;
- (ii) It has not been shown by the parties that the Defendants were members of the Penan community for which the land was gazetted for their exclusive use;
- (iii) That the gazette to allow SP Suai to deal with native land has no retrospective effect;
- (iv) Generally, parties have not proven their case against each other.

SP Suai filed a Notice of Appeal against the whole of the learned Judge's decision on 14 October 2013. The Defendants also filed a Notice of Appeal against the whole of the learned Judge's decision on the same date. SP Suai had filed and served the Record of Appeal on 2 December 2013. The Court of Appeal has fixed the hearing of the appeal on 10 December 2015. On 10 December 2015, the Court of Appeal ordered that the case be remitted back to the High Court (before a different Judge) for a retrial. They were of the view that there was a mistrial in respect of the High Court's finding. There was no order as to costs.

At the mention on 11 March 2016, the learned High Court Judge set the matter down for trial on 21 – 24 June 2016. The Directors, in consultation with SP Suai's solicitors are of the opinion that SP Suai has merits in the case.



Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B10. Changes in Material Litigation (continued)

- (b) On 26 June 2012, a subsidiary, Sarawak Plantation Agriculture Development Sdn. Bhd. (“SPAD”) filed a Writ of Summons against a third party (“Defendant”) for damages and other reliefs for breach of contract or alternatively refund of deposits of RM2,600,000 in respect of shares in a company and RM7,200,000 in respect of shares in another company paid by SPAD under a Sales and Purchase Agreement (“SPA”) signed in an earlier year.

The Defendant entered appearance and served a Memorandum of Appearance on SPAD on 13 July 2012. The Statement of Defence was served on SPAD on 22 August 2012.

This matter was consolidated for trial with (c) and (d) below and was jointly tried with (e) below.

On 8 August 2014, the Honourable Judge of the High Court delivered the judgement as follows:

- (i) The Defendant was ordered to pay SPAD the sum of RM2,600,000 with interest at 5% per annum from 21 June 2004 until full settlement and SPAD was ordered to pay the Defendant the sum of RM1,200,000 as late payment interest;
 - (ii) On a separate claim, the Defendant was ordered to pay SPAD the sum of RM7,200,000 with interest at 5% per annum from 1 January 2001 until full settlement.
- (c) On 26 June 2012, a subsidiary, Sarawak Plantation Agriculture Development Sdn. Bhd. (“SPAD”) filed a Writ of Summons against a third party (“Defendant”) for damages for breach of contract or alternatively refund of deposits of RM15,400,000 in respect of shares in a company paid by SPAD under a Sales and Purchase Agreements (“SPA”) signed in an earlier year.

The Defendant entered appearance and served a Memorandum of Appearance on SPAD on 13 July 2012. The Statement of Defence was served on SPAD on 22 August 2012.

This matter was consolidated for trial with (b) above and (d) below and was jointly tried with (e) below.

On 8 August 2014, the Honourable Judge of the High Court ruled that the Defendant pay SPAD the sum of RM15,400,000 with interest at 5% per annum from 30 November 2007 until full settlement. On the other hand, SPAD was ordered to pay the Defendant interest at 8.5% per annum on RM12,100,000 from 1 January 2001 to 29 November 2007 by reason of default in payment of instalments due under the SPA.

- (d) On 26 June 2012, a subsidiary, Sarawak Plantation Agriculture Development Sdn. Bhd. (“SPAD”) filed a Writ of Summons against a third party (“Defendant”) for damages for breach of contract or alternatively refund of deposits RM7,000,000 in respect of shares in a company paid by SPAD under a Sales and Purchase Agreements (“SPA”) signed in an earlier year.

The Defendant entered appearance and served a Memorandum of Appearance on SPAD on 13 July 2012. The Statement of Defence was served on SPAD on 22 August 2012.

This matter was consolidated for trial with (b) and (c) above and was jointly tried with (e) below.

On 8 August 2014, the Honourable Judge of the High Court ruled that the Defendant pay SPAD the sum of RM7,000,000 with interest at 5% per annum from 20 November 2007 until full settlement. On the other hand, SPAD was ordered to pay the Defendant interest at 8.5% per annum on RM10,500,000 from 1 January 2001 to 19 November 2007 by reason of default in payment of instalments due under the SPA.



Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B10. Changes in Material Litigation (continued)

- (e) On 29 June 2012, a Writ of Summons was filed against Sarawak Plantation Agriculture Development Sdn. Bhd. (“SPAD”) in the High Court in the respect of the same subject matters as stated above in paragraphs (b), (c) and (d). The Writ of Summons was served on 1 August 2012. SPAD filed its Memorandum of Appearance on 13 August 2012.

The Plaintiffs are claiming for damages for alleged breach/repudiation of agreements entered into by each of the Plaintiffs with SPAD in relation to sale of shares by each of the Plaintiffs for shares in third party companies. The Statement of Defence has been served by SPAD.

The matter was jointly tried with (b), (c) and (d) above.

On 27 August 2014, a Notice of Appeal was filed by the Plaintiffs and the Defendants under (b), (c) and (d) above against the judgement dated 8 August 2014. SPAD filed a Notice of Cross Appeal on 28 October 2014 in respect of the interests awarded against SPAD under (b), (c) and (d) above. The appeal and cross appeal were heard on 19 August 2015.

On 31 December 2015, the Court of Appeal upheld all the High Court’s decision and dismissed the Defendants’ appeal. The Court of Appeal allowed SPAD’s cross appeal in part by setting aside the award of RM1,200,000 as late payment interest. SPAD was awarded global costs of RM10,000.

On 28 January 2016, the Defendant filed an application in the Federal Court for leave to appeal against the decision of the Court of Appeal. No hearing date has been fixed.

- (f) On 25 March 2015, the Company was served with legal proceedings. The Company and SPAD are sued together with four (4) others.

No Specific Provisional Lease State Land was specified in the Statement of Claim but the claimed area is described as “Tanah Hak Adat Komunal dan Tanah Individu Rumah Lenon Ak Nanggai at Sungai Assan Bayu, Bahagian Sibul and notated to be totaling 774.12 hectares. The allegations relate to 487.19 hectares in a community map prepared by the Sarawak Dayak Iban Association.

The Company and SPAD have entered appearance and the Defence and Counterclaim was filed on 8 April 2015. Continuation of trial is set for 20 June 2016.

The Directors, in consultation with SPB’s and SPAD’s advocates are of the opinion that SPB and SPAD have strong merits in the case.



Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B11. Dividend Declared

On 18 February 2016, the Board of Directors had declared a first interim, single tier dividend of 4.5 sen per share, totalling approximately RM12.6 million, in respect of the financial year ended 31 December 2015, which was paid to shareholders on 30 March 2016.

B12. Earnings per Share

	Individual Quarter (Q1)		Cumulative Quarter (3 Months)	
	Current Year Quarter 31/03/2016 RM'000	Preceding Year Corresponding Quarter 31/03/2015 RM'000	Current Year - Period To Date 31/03/2016 RM'000	Preceding Year - Period To Date 31/03/2015 RM'000
(Loss)/Profit attributable to Owners of the Company(RM)	(756)	7,417	(756)	7,417
Weighted average number of ordinary shares in issue (unit)	279,564	279,564	279,564	279,564
Basic earnings per share (sen)	(0.27)	2.65	(0.27)	2.65
Diluted earnings per share (sen)	N/A	N/A	N/A	N/A

Basic earnings per share

The calculation of basic earnings per share for the interim quarter and financial period is based on the profit attributable to owners of the Company and on the weighted average number of ordinary shares of RM1.00 each in issue less the weighted average number of treasury shares held by the Company.

Diluted earnings per share

The diluted earnings per share for the interim quarter and financial period were not computed as the Company does not have any potentially dilutive ordinary shares as at 31 March 2016.



Part B – Explanatory Notes Pursuant to Part A of Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B13. Retained Earnings

The retained earnings of the Group as at 31 March 2016 contain unrealised profits, as disclosed below:

	As At End Current Financial Period 31/03/2016 RM'000	As At End Of Preceding Financial Year 31/12/2015 RM'000
Total retained earnings of the Group and its subsidiaries		
Realised	300,885	315,407
Unrealised	(53,630)	(54,557)
	<hr/> 247,255	<hr/> 260,850
Consolidation adjustments	28,371	28,112
Total Group retained earnings as per consolidated accounts	<hr/> 275,626	<hr/> 288,962

B14. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2015 was unqualified.

B15. Review by External Auditors

The condensed consolidated financial statements of Sarawak Plantation Berhad for the quarter ended 31 March 2016 has been reviewed by the Company's auditor in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

B16. Authorised for Issue

The condensed consolidated interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Board on 20 May 2016.

By Order of the Board

Company Secretary
Kuching
20 May 2016